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Federal Communications Commission
Office of the Secretary

REDACTED – FOR PUBLIC INSPECTION

October 8, 2019

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Attention: Wireline Competition Bureau

Re: Farmers Mutual Telephone Company of Stanton, Iowa, Inc. Petition for Waiver of Sections 51.917(b)(1) and 51.917(b)(7) of the Commission's Rules

Dear Ms. Dortch:

On behalf of Farmer's Mutual Telephone Company of Stanton, Iowa, Inc. ("FMTC"), please find enclosed the Petition for Waiver of Sections 51.917(b)(1) and 51.917(b)(7) of the Commission's Rules to modify 2011 Base Period Revenue in connection with the merger of affiliated study areas in Iowa.

Inquiries may be directed to the undersigned consultant for FMTC.

Sincerely,

/s/ Dan Davis

Dan Davis

Director and Sr. Consultant
Consortia Consulting

Enclosures



REDACTED-FOR PUBLIC INSPECTION

October 8, 2019

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Request for Confidentiality Farmers Mutual Telephone Company of Stanton, Iowa, Inc. Petition for Waiver of Sections 51.917(b)(1) and 51.917(b)(7) of the Commission's Rules

Dear Ms. Dortch:

Consortia Consulting, on behalf of its client, Farmers Mutual Telephone Company of Stanton, Iowa, Inc. ("Company"), hereby requests, pursuant to Section 0.459 of the Commission's rules,¹ withholding from public inspection of the above referenced document. The Company provides the following in support of its request, numbered consistent with the subparagraphs of Section 0.459(b).²

1. The information for which the Company is seeking confidential treatment is switched access revenue information contained in the Petition for Waiver and switched access revenue, cost, demand, access line and eligible recovery details contained in Exhibit A of the Petition.

¹ 47 C.F.R. § 0.459.

² 47 C.F.R. § 0.459(b)(1)-(9)

2. The Company is submitting the Petition for Waiver in order to implement the planned merger of two commonly-owned study areas. The Petition for Waiver is required to ensure compliance with FCC rules governing modification of 2011 Base Period Revenue.³
3. The switched access revenue, cost, demand, access line and eligible recovery details in the Petition for Waiver for which the Company seeks the withholding from public inspection is confidential and proprietary financial data.
4. With respect to identifying the degree to which the Company's financial information concerns a service that is subject to competition, this type of information is highly sensitive and its public disclosure would place the Company at a competitive disadvantage in the telecommunications marketplace.
5. With respect to identifying possible exposure to competitive harm, this information is provided on a study area-specific basis and could have economic value to potential competitors as it may provide competitors insight into the Company's market strategies and gain competitive advantage.
6. With respect to steps the Company has taken to ensure against unauthorized disclosure of its financial information, this information is maintained confidentially by the Company and is not available through any source other than the Company or its authorized agents.
7. The Company's financial information is not available to the public and has not been previously disclosed.
8. The Company requests the financial information be treated as confidential indefinitely. Because of the sensitive nature of the data, it would not be appropriate for public disclosure at any time in the foreseeable future.
9. The Commission has previously found that this type of information warrants protection under Protective Order for annual access tariff filings in which similar financial data is provided.⁴

Based on the preceding, Consortia Consulting respectfully requests on behalf of the Company that the Commission grant confidential treatment under Section 0.459 to the financial data contained in the Company's Petition for Waiver and Exhibits. The Petition for Waiver is appropriately marked "Confidential-Not for Public Disclosure." Please contact the undersigned with any questions regarding this request.

Sincerely,

³ 47 C.F.R. § 51.917(b)(1) and (b)(7)

⁴ See *announcing Procedures for obtaining Confidential Information for 2018 Annual Access Charge Tariff Filings and Corrections to TRP Spreadsheets*, WC Docket No. 18-100, Public Notice DA 18-578 rel. June 4, 2018.

/s/ Dan Davis

Dan Davis

Director and Sr. Consultant

Consortia Consulting

402-441-1672

ddavis@consortiaconsulting.com

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Farmers Mutual Telephone Company) of
Stanton, Iowa, Inc.)
)
Petition for Waiver of Sections)
51.917(b)(1) and 51.917(b)(7) of the)
Commission's Rules to modify the 2011 Base)
Period Revenue in connection with) the merger of
affiliated study areas in)
Iowa)

PETITION FOR WAIVER

Pursuant to Section 1.3 of the rules of the Federal Communications Commission ("FCC" or "Commission"),¹ Farmers Mutual Telephone Company of Stanton, Iowa, Inc. ("FMTC", or "Petitioner") hereby requests a waiver of the Sections 51.917(b)(1) and 51.917(b)(7) of the Commission rules to recalculate for merged study areas (Farmers Mutual Telephone Company of Stanton, Iowa Inc. SAC 351174 and Villisca Farmers Telephone Company SAC 351324 ("Villisca")),² the 2011 Interstate Switched Access Revenue Requirement and 2011 Rate-of-Return Carrier Base Period Revenue necessary to determine Connect America Fund – Intercarrier Compensation ("CAF-ICC") support.³ A waiver of Section 51.909(a) is not being

¹ 47 C.F.R. § 1.3

² FMTC was organized in 1901 as the Telephone Central Association and changed its name to Farmers Mutual Telephone Company in 1911. Villisca was formed in 1901 and was organized as a cooperative in 1925. On September 20, 2010 Villisca and FMTC collectively filed an application pursuant to Section 63.03 of the Commission's rules for the transfer of control of Villisca to FMTC. On November 9, 2010, the Commission approved the application.

³ 47 C.F.R. § 51.917(b)(1) and (b)(7).

requested because the study areas involved in this Petition are currently assigned to the same switched access rate bands, and therefore, a waiver of Section 51.909(a) is unnecessary. Grant of the requested waiver will allow Petitioner to implement the planned January 1, 2020 merger of the FMTC and Villisca study areas into FMTC.

I. INTRODUCTION AND SUMMARY

The Petitioner is a rate-of-return Incumbent Local Exchange Carrier (“ILEC”) in Iowa and is comprised of two study areas. FMTC, Study Area Code 351174 currently has approximately [REDACTED] voice access lines (residential and business) and [REDACTED] Data only lines operating in the following exchanges in Iowa: Stanton, New Market, and Bethesda. The FMTC study area has been administered as a cost company receiving legacy support. Villisca, Study Area Code 351324, currently has approximately [REDACTED] voice access lines (residential and business) and [REDACTED] Data only lines in the Villisca and Nodaway exchanges in Iowa. The Villisca study area has been administered as a cost company receiving legacy support.

To allow the Petitioner the efficiency of managing switched access, special access, and CAF-ICC compliance for a single study area, the Petitioner will merge the FMTC study area 351174 and the Villisca study area 351324 effective January 1, 2020.⁵ As explained below, grant of this petition is required in order for the merger to occur.

The FMTC SAC and the Villisca SAC are in the same rate bands for switched access services set forth in the National Exchange Carrier Association (“NECA”) Tariff F.C.C. No. 5,

⁵ Subsequent to grant of the requested waiver, the Petitioner will file with the FCC Wireline Competition Bureau a letter notification of the planned merger of commonly-owned study areas within the state of Iowa pursuant to FCC precedent.

and therefore no waiver is required under Section 51.909(a).⁶ However, waivers are required to recalculate for the merged study areas the 2011 Interstate Switched Access Revenue

Requirement and 2011 Rate-of-Return Carrier Base Period Revenue necessary to determine CAF-ICC support. Therefore, Petitioner seeks waiver of Section 51.917(b)(1) to combine the 2011 Interstate Access Switched Access Revenue Requirements for the combined study areas into a consolidated 2011 Interstate Access Switched Access Revenue Requirement, and waiver of Section 51.917(b)(7) to combine the 2011 Rate-of-Return Base Period Revenues for the combined study areas into a single 2011 Rate-of-Return Base Period Revenue amount for the merged study area.

II. WAIVER STANDARD

In general, the FCC's rules may be waived for good cause shown.⁷ Waiver is appropriate where the "particular facts would make strict compliance inconsistent with the public interest."⁸ The FCC may grant a waiver of its rules where the requested relief would not undermine the policy objective of the rule in question, special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest.⁹

III. WAIVER IS JUSTIFIED

⁶ 47 C.F.R. §51.909(a).

⁷ 47 C.F.R. §1.3

⁸ See *AT&T Wireless Services, Inc. et al. v. Federal Communications Commission*, No. 00-1304 (D.C. Cir. 2001), citing *Northeast Cellular Tel. Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) ("*Northeast Cellular*").

⁹ See generally, *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972); see also *Northeast Cellular* (D.C. Cir. 1990).

A. Merger of FMTC SAC and Villisca SAC is in the Public Interest

The planned merger of the FMTC and Villisca study areas is consistent with Commission policy encouraging consolidation of commonly owned study areas in the same state.⁹ Further, Commission precedent supports grant of petitions seeking waiver of Sections 51.917(b)(1) and 51.917(b)(7) in the context of merging commonly owned study areas within a state.¹⁰ The public interest is served by the increased administrative and operational efficiencies gained by consolidating these study areas. The resulting cost savings will permit greater resources for network investment which will ultimately benefit Petitioner's customers. Grant of the requested waiver prior to the planned January 1, 2020 study area merger will allow Petitioner to fully realize the benefits of its existing single-entity operations by adding the efficiencies of administering a single entity and other regulatory compliance for a single study area.

⁹ See *In the Matter of America Samoa Government and the American Samoa Telecommunications Authority Petition for Waivers and Declaratory Rulings to Enable America Samoa to Participate in the Universal Service High Cost Support Program and the National Exchange Carrier Association Pools and Tariffs*, CC Docket No. 96-45, AAD/USB File No. 98-41, Order DA 99-1131, rel. June 9 1999, para. 10.

¹⁰ See *Connect America Fund; Developing a Unified Intercarrier Compensation Regime; Petition of Butler-Bremer Mutual Telephone Company, Inc. for a Waiver of Sections 51.909(a), 51.917(b)(1), and 51.917(b)(7) of the Commission's Rules to Modify Access Rate Bands and Charges, and 2011 Switched Access Revenue in Connection with Merger of Affiliated Study Areas in Iowa; Petition of Panora Communications Cooperative and Prairie Telephone Company, Inc. for Waiver of Sections 51.909(a), 51.917(b)(1) and 51.917(b)(7) of the Commission's Rules to Modify Access Rate Bands and Charges, and 2011 Switched Access Revenue Requirement and 2011 Base Period Revenue in Connection with Study Area Waivers in Iowa*, WC Docket Nos. 10-90, 15-118, 15-166; CC Docket No. 01-92, Order, 33 FCC Rcd 1152, at 1157-58, para. 16 (WCB 2018) (*Butler-Panora Order*) (outlining and applying relevant Commission precedent to approve the merger of two rate-of-return study area waiver petitions); *Connect America Fund; Developing a Unified Intercarrier Compensation Regime; Telapex, Inc. Petition for Waiver of Sections 51.909(a), 51.917(b)(1), and 51.917(b)(7) of the Commission's Rules to modify access rate bands and charges, and 2011 Base Period Revenue in connection with merger of affiliated study areas in Mississippi; Venture Communications Cooperative Petition for Waiver of Sections 51.909(a), 51.917(b)(1), and 51.917(b)(7) of the Commission's Rules to modify access rate bands and charges, and 2011 Base Period Revenue in connection with merger of affiliated study areas in South Dakota*, WC Docket Nos. 10-90, 17-252, 17-323; CC Docket No. 01-92, Order, 33 FCC Rcd 11764 (WCB 2018) (*Telapex-Venture Order*); see also *Federal-State Joint Board on Universal Service; Joint Petition for Waiver of the Definition of "Study Area" or the Appendix-Glossary of Part 36 of the Commission's Rules*

filed by Mutual Telephone Company of Sioux Center, Iowa d/b/a Premier Communications; Winnebago Cooperative Telecom Association, WC Docket No. 10-90, CC Docket No. 96-45, Order, 31 FCC Rcd 10683 at 10691, para. 27 (WCB 2016) (approving allocating Base Period Revenue amounts using a simple average of the access line count for FY 2011 when only a portion of a study area is involved).

B. Zero Impact of Switched Access Rate Band Consolidation

As indicated previously, the FMTC SAC and the Villisca SAC share the same rate bands for Local Switching, Local Transport, and Tandem Switched Transport. Those rate bands will not change as a result of the proposed study area merger, and therefore, there will be no impact at all on switched access revenues. Therefore, a waiver of Section 51.909 (a) is not required.

C. Recalculation of 2011 Interstate Switched Access Revenue Requirement and Base Period Revenue Will Not Adversely Impact CAF-ICC

Exhibit A provides a summary of the expected CAF-ICC support as calculated by NECA. Access Recovery Charges will remain unchanged and therefore will have no impact on CAFICC or on end users. As described above, the Petitioner expects zero impact to switched access revenue, resulting in no change to CAF-ICC support. NECA projections indicate that the combined entity would receive [REDACTED] of CAF-ICC support for the projected test year 20192020 absent any changes to switched access rates, and as such, this change represents no impact on CAF-ICC for the test period.

IV. Conclusion

As demonstrated herein, "good cause" exists for grant of this waiver. Petitioners respectfully request the Commission act expeditiously to grant waiver of Section 51.917(b)(1) and 51.917((b)(7) of the rules in order that the FMTC SAC and Villisca study area merger may be implemented January 1, 2020.

Respectfully Submitted,

/s/ Kevin Cabbage
By: Kevin Cabbage

General Manager/CEO
Farmers Mutual Telephone Company
Stanton, Iowa 51573

Rate Band Placement

Local Switching

sar_id	sar_abbr	LSRRQ2011-2012	LS Cost per Minute	LS Band	Forecasted Minutes
351174	FARMERS MUTUAL TEL (Stanton)		\$0.098622	8	
351324	FARMERS MUTUAL TEL(Villisca)		\$0.071617	8	
Merged			\$0.087753	8	

Test Period 2011-2012 (interstate frozen baseline) is from July 1, 2011 through June 30, 2012.

All Local Switching RRQ, Forecasted Minutes and Rate Band placements are from NECA's 2011 Annual Filing.

Tandem Switching

sar_id	sar_abbr	RRQ	Revenue	Retention Ratio	TST Band
351174	FARMERS MUTUAL TEL (Stanton)			0.79648	2
351324	FARMERS MUTUAL TEL(Villisca)			1.45709	2
Merged				1.06235	2

Dedicated Transport 201112

sar_id	sar_abbr	SP_RRQ	SP_Revenue	Retention Ratio	SP Band
351174	FARMERS MUTUAL TEL (Stanton)			1.67851	10
351324	FARMERS MUTUAL TEL(Villisca)			2.52708	10

Merged						1.78457	10
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Dedicated transport rate band is the same as the Special Access rate band for the test period July 1, 2011 through June 30, 2012

NECA Proprietary

9/27/2019

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Test Period 2019/2020 (Data are based on input provided by company in the CAF ICC Data Collection)

Interstate

sarid	RRQ	CurrentEORate	Proposed EORate	CurrentCompRate	ProjectedMin	ProCurentRev	TermLSMin	TermRevCurrent	TermRevProj	ProjectedRev	AllocatedRev	InterER
351174		\$0.002133	\$0.000700	\$0.040707								
351324		\$0.002133	\$0.000700	\$0.042256								
Merged		\$0.002133	\$0.000700	\$0.041401								

Intrastate

sarid	YR1ActualRev	RRQ	TPForecastedMin	TPExpRev	TPIntrastateER
351174					
351324					
Merged					

CMRS

sarid	YR1_NetRecipCompRev	TP_NetExpRecipCompRev	RRQ	CMRS_ER
351174				

351324	FARMERS MUTUAL TEL (V															\$3	\$3
Merged																\$3	\$3

Net Impact of True-Up, Pre and Post Eligible Recovery and CAFICC Support

sarid	ER_pretrueup	RESARC_pretrueup	SLBARC_pretrueup	MLBARC_pretrueup	TotalARC_pretrueup	CAFICC_pretrueup	NetImpact_trueup	ER	RESARC	SLBARC	MLBARC	TotalARC Rev	CAFICC
351174													
351324													
Merged													

Revised CAF ICC Support Reduced by Imputed ARC Revenues on Broadband-only Lines

sarid	CAFICC	Broadband-only Lines	Imputed ARC Revenues	Limited Imputed ARC Revenues	Revised CAF ICC Support
351174					
351324					
Merged					

NECA Proprietary

9/27/2019